

2014 DEED Accomplishments



TALENT

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INNOVATION

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TRADE

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CONTINUOUS

IMPROVEMENT

IMPROVEMENT

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TRADE

INNOVATION

TALENT

2014 DEED ACCOMPLISHMENTS

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The Minnesota Department of Employment and Economic Development (DEED) is the state's principal economic development agency. DEED programs promote business recruitment, expansion, and retention; international trade; workforce development; and community development.

2014 DEED ACCOMPLISHMENTS Summary



In 2014, DEED announced a focused effort to drive three pillars key to Minnesota's future economic growth – Talent, Innovation and Trade. Since then, DEED's efforts to strengthen these pillars have made tremendous headway.

Talent

In 2014, we held strong to our mission of spurring job growth and putting Minnesotans back to work. Our economy has seen a remarkable burst of jobs added to the labor force, with more than 190,000 jobs added in the past 4 years.

Down to 3.7 percent, Minnesota now has the 5th lowest unemployment rate in the country. The addition of jobs plus the recent change in the unemployment is particularly notable given the labor force participation rate held steady since July, indicating that the growth is being driven by economic strength rather than labor force departures.

Minnesota's employment is now at an all-time high thanks to hardworking Minnesotans and our thriving business community. Working closely with our public and private sector partners, DEED's workforce development team served nearly 250,000 people in 2014, and our business and community development team recruited 3,540 new and retained jobs and attracted \$847.3 million in new capital investment to Minnesota.

Innovation

DEED's second pillar for growth is what drives us to create better solutions. DEED's newest economic development program is doing just that, and setting the table for future job growth and business expansions: DEED's Minnesota Job Creation Fund.

This innovative program is a pay-for-performance fund launched in January 2014, and has already approved \$13.3 million in funding for 26 companies — half of them in Greater Minnesota. In exchange, those companies have committed to creating nearly 1,400 jobs in Minnesota and investing more than \$251 million in private funding.

Trade

DEED is working to increase Minnesota's participation in the global marketplace in order to drive investment into our state. Last month, DEED announced the highest quarter of exports in the state's history, reaching \$5.5 billion — \$5 billion of which came from manufactured products.

This past year, Minnesota companies made key connections around the world as a result of the new foreign trade offices in Seoul, Korea, and Sao Paulo, Brazil, to promote Minnesota exports and foreign direct investment in the state. These new offices join existing offices in Shanghai, China, and Düsseldorf, Germany.

Our efforts are working: We are growing the state's economic environment through our pillars of Talent, Innovation and Trade.

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Legislative – Workforce

- **Workforce and Entrepreneurial Development Opportunities for Women.** DEED received funding under the Women's Economic Security Act (WESA) to operate a new program aimed at helping women enter high-wage, high-demand, traditionally male-dominated occupations. The agency also received an appropriation to support programs that help women succeed as entrepreneurs and business owners.
- **Improved Accountability and Performance Measurement.** DEED worked closely with the Legislature to improve accountability measures and performance reporting for workforce development and economic development programs.
- **Workforce Housing Grants Pilot Program.** To alleviate housing shortages and their impact on employers in Roseau and Pennington counties, the Legislature established a pilot program within DEED to help defray financing and construction costs for market rate residential rental properties.
- **Recapitalization of the Urban Initiative Board.** DEED's Urban Initiative Board received a \$650,000 appropriation for loans at below market rate; technical assistance, and organizational capacity building.
- **Extended Employment Program rate increase.** The Legislature passed a 2 percent increase in the rates paid to Minnesota's Extended Employment Program service providers.

Improving Educational Attainment

Minnesota FastTRAC Adult Career Pathways:

Programs are operated by local partnerships between workforce development, human services, Adult Basic Education, and Minnesota State Colleges and Universities. The programs align foundational and occupational education with career navigation services so low-skill, low-wage adults can obtain credentials with regional labor market value and find living-wage employment.

- In 2014, MN FastTRAC Adult Career Pathways awarded \$1.45 million of Workforce Development Funds and TANF Innovation Funds to support and scale MN FastTRAC programs across Minnesota.

- In 2014, DEED awarded grants to 18 career pathway partnerships to enhance existing pathway programs or develop programming in new sectors.

- In 2014, FastTRAC programs consisted of the following demographics:

- 49.03 percent of the individuals received public assistance via SNAP or TANF/MFIP services.
- 65.75 percent of the individuals served enrolled in FastTRAC programming at or below a high school diploma or GED.
- 58.9 percent of the individuals served identified themselves as American Indian or Alaska Native, Asian, Black or African American, Hawaiian Native or Other Pacific Islander, or Multi-race.

- Minnesota FastTRAC Adult Career Pathways partners have analyzed existing programming efforts to create a flexible responsive model. This model consists of four components: Career Navigation, Bridge Programming, Enhanced Academic Instruction, and Employment Placement and Retention. The goal of the FastTRAC initiative is to serve individuals with high barriers within a flexible model that responds to individual needs.
- The FastTRAC initiative has recently been included in a Disability Employment Initiative grant. This \$2.5 million grant was awarded to DEED from the U.S. Department of Labor to ensure universal access to FastTRAC programming and to explore the ability to streamline programs within the WIOA system.



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Youth Employment Programs:

Minnesota's state and federally funded Youth Employment Programs provided training for more than 14,000 low-income youth who lacked academic and applied skills considered critical for the current and future workplace. More than 50 percent of youth served by DEED's Youth Programs were from communities of color; more than 40 percent of youth had a disability. The neediest youth, including those in foster care, juvenile offenders, homeless or runaways, pregnant or parenting teens and youth with disabilities, and foster youth were served at levels that are consistently two to three times the national average. Minnesota met or exceeded all federal goals for this program and will qualify for a national incentive award in the spring of 2015.



Youth Workforce Development Competitive Grants Pilot Project:

In the year ending June 30, 2014 the Youth Services Team developed and implemented a state competitive program to fund job-driven projects that provided high quality summer and year-round youth employment services for low-income, at-risk youth. All projects included employer engagement, connected education and training strategies, public-private partnerships, work-based learning and labor market/career information. More than 10,000 disadvantaged youth benefited from the services provided, at a time when our state's unemployment rate was the highest in a generation. In 2014, one of the Youth Competitive grantees, the city of St. Paul's Right Track Program, earned an Innovation Award in Government.

Higher Education Career Advisors Pilot Project (HECAP):

This state-funded pilot project allowed three Workforce Service Areas to partner with public school districts to assist high school students in choosing careers and provide information about the education and training required for those careers. HECAP allows the workforce system to complement the work of school counselors by providing school staff, students, and families with the most current career and post-secondary education information available. More than 10,000 youth and family members were served by HECAP in the first year of operation.

Science, Technology, Engineering, & Math (STEM) Project:

The SciTechsperience Internship Program, a paid internship through a matching grant from the MS&TA and corporate donations, connects college students studying STEM disciplines with small, for-profit companies in Minnesota. Through September 2014, this program funded 122 internships — 29 of those in Greater Minnesota. The interns worked in the Biotechnology and Life Sciences, IT/Computer Technology, Mining, Materials, Manufacturing and Processing, Fuels, Energy and Energy Management, Aerospace and Defense, and the Agriculture, Food and Forestry industries.

National Governor's Association Policy Academy Grant:

Minnesota was awarded \$170,000 to participate along with eight other states in a two-year policy academy with a focus on increasing the alignment of the state's education and training pipeline to the needs of the economy. Minnesota's vision for this policy academy is a healthy economy, where all Minnesotans have or are on a path to meaningful employment and a family-sustaining wage, and where all employers are able to fill jobs in demand. The Governor's Workforce Development Council, on behalf of Governor Dayton, is leading this effort. This cross-agency initiative is represented by senior leaders from the Department of Employment and Economic Development, Minnesota State Colleges and Universities, Office of Higher Education, Department of Education, Department of Human Services, Department of Human Rights, and the Department of Labor and Industry.

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Assisting Unemployed Minnesotans

Unemployment Insurance Program:

The Unemployment Insurance program exists primarily to assist unemployed individuals. In 2014, the program provided 2.8 million weeks of benefits to 197,000 applicants. The program exceeds all federal measures in the delivery of the program, but from an applicant perspective perhaps the most significant indicator of program performance is the average wait time when they call the Customer Service Center with a question. In 2014 the average wait time was less than one minute. In talking with other states and United States Department of Labor, we have not been able to find a state that performs better in this key metric.

Improved Work Search:

- **Reemployment Eligibility Assessment** — This structured approach ensures that all UI applicants who do not have a job to go back to have created a path to their own reemployment and understand how WorkForce Center services can help them. In 2014, this program assisted approximately 50,000 applicants in assessing their readiness to make a good work search and developing a plan that focuses on their strengths and helps them address any weaknesses.

- **Reemployment Eligibility Assessment Plus** — This adds a second session for applicants who are still unemployed after receiving six to eight weeks of benefits. This second session focuses on what is going well and what is going poorly for them and creates a much firmer connection to WorkForce Center service. In 2014, 5,000 applicants were served.

- **Job Fairs and Opportunities for Vets** — UI has a comprehensive list of unemployed workers and collaborates with WorkForce Centers to send email notifications to applicants of job fairs or events for veterans in their communities. In 2014, email notifications of 13 such events were sent out to approximately 40,000 applicants.



Online Help:

- **Applicant Video** — Covering a number of topics of greatest interest to applicants, these videos use an approach that simplifies the message and takes a conversational tone along with simple images to reinforce the understanding of the viewer.
- **Work Search** — These are online learning experiences with activities and checks for understanding. Each uses relatable personas that help to convey the relevance of the activity to a variety of different job seekers. Of special interest is the online in networking.
- **Assistance in Your Community** — Being unemployed is challenging for anyone, but for some the challenges are greater. Minnesota UI maintains links to service providers in communities around the state. This information is frequently accessed online, but is also used by Customer Service Center staff who assist distraught applicants over the phone.

Dislocated Worker Program:

The program served nearly 15,000 laid-off Minnesotans via federal or state funds in the year ending June 2014. Minnesota exceeded all performance goals and substantially outperformed the national average, by placing nearly nine out of every 10 people leaving the program into full-time, unsubsidized employment (and over nine out of ten of those keeping the job for at least six months). The average annual wage exceeded \$42,000. Seven out of 10 individuals leaving the program received both employment and a meaningful, industry-recognized credential. Minnesota met or exceeded all federal goals and will qualify for a national incentive award in the spring of 2015.

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Rapid Response Team:

The Rapid Response Team introduces laid-off workers to the Dislocated Worker program and other DEED services. The team continues to re-engineer their processes, following up on last year's success in increasing customer satisfaction. As a result, customer satisfaction with our information presentations, which were provided to hundreds of laid-off Minnesotans and are critical to customer understanding of our programs and participation, rose two further percentage points to 99 percent. In addition, the provider selection process, facilitated by the Rapid Response Team, dropped from an average of eight days in the quarter ending June 30, 2013 to just over five days in the quarter ending June 30, 2014.

Trade Adjustment Assistance Team:

The team provides additional training and related benefits to those dislocated workers deemed trade-impacted by the U.S. Department of Labor. TAA administered 3,377 individual benefits to eligible customers in the year ending June 30, including 1,616 participants enrolled in credentialed training and nearly 70 in On the Job Training opportunities or registered apprenticeships. In addition to TAA benefits, eligible participants received more than \$12 million in extended Unemployment Insurance and related benefits. Program staff also helped three Minnesota State Colleges and Universities institutions receive \$12.4 million in competitive grants through the Trade Adjustment Assistance Community College and Career Training program. This is a multiyear initiative to expand training programs for unemployed workers, especially those impacted by foreign trade. TAA performance remains high (generally pulling up overall Dislocated Worker program performance), and is among the very best in the nation.

National Award for UI Innovation:

DEED's Unemployment Insurance team won a national award for improving its appeals process in state unemployment insurance cases. The U.S. Department of Labor presented DEED with its 2014 Performance Excellence Award for Unemployment Insurance Appeals during the National Association of State Workforce Agencies annual UI directors' conference. DEED received the award for creating a new, innovative training program for unemployment law judges and for developing an online self-service scheduling system for appealing decisions on unemployment insurance benefits.

Services to Adults Facing Employment Barriers

State Services for the Blind:

DEED works with our federal partner, the Rehabilitation Services Administration, the State Rehabilitation Council for the Blind and consumer groups to redesign service delivery. We have developed six workgroups, focusing on outreach, placement, intake, assistive technology, data, and developing a team model. As a result, SSB changed the Workforce Development Unit referral process; worked across state government agencies to train HR directors, recruiters, and ADA coordinators to help blind, visually impaired and DeafBlind Minnesotans maintain and obtain employment with the state; and successfully served more customers than in the recent past. SSB also:

- Transcribed 825,000 pages into Braille.
- Broadcast 11,367 hours of original Radio Talking Book programming.
- Handled 71,146 calls into Dial-In News and NFB-NEWSLINE.
- Transcribed 335,000 print pages into audio.
- Served 3,223 seniors with vision loss, helping them to continue living in their homes — up 9 percent from last year.
- Helped 116 people who became successfully employed — up 15 percent from last year and 40 percent from two years ago.
- Printed 140,000 pages transcribed into e-text, helping college students keep up with their coursework.
- Served 13,000 customers who turned to the Communication Center to meet their needs for viewing print materials through alternative formats—braille, audio, e-text, radio talking book, news services.
- Posted one book on the National Library Service online download library. We have just been approved to begin posting our audio books (produced in the Communication Center) on this federal Library of Congress website.

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Vocational Rehabilitation Services:

DEED's Vocational Rehabilitation Program in partnership with Community Rehabilitation Program partners expanded a growing statewide network of local placement partnerships that provide a single point of contact for businesses seeking to recruit and hire qualified candidates. There are now 16 local partnerships around the state. Since the inception of the Minneapolis Placement Partnership (MPP), the South and North Minneapolis VRS offices have seen a significant increase in the number of employment outcomes with a 20 percent increase employment outcomes for 2012, a 12 percent increase in employment outcomes for 2013, and another 10 percent in 2014.

In 2014, VRS completed the expansion of the Individual Placement and Supports (IPS) collaborative programs which provide targeted employment services and supports to persons with serious mental illnesses. All VRS employment grants for persons with serious mental illness are now using the evidence based IPS approach. More than 600 individuals achieved integrated competitive employment through the projects, working an average of 16 hours per week and earning more than 1.5 million in wages. Forty counties in Minnesota now have some access to IPS services.

- **18,459:** Total number of individuals with disabilities who received services from the Vocational Rehabilitation program.
- **2,869:** Total number of individuals with disabilities who achieved successful employment outcomes, a number that exceeded our federal performance standard by 130.
- **75.7:** Percent of VRS customers who received services, achieved competitive employment outcomes, and reported that personal income is their primary source of support (2,168 individuals). This compares to just 9.1 percent of VRS customers whose personal income was their primary source of support at the time they applied for services (260 individuals).
- **6,297:** Number of transition-aged students and young adults who received services from the Vocational Rehabilitation program (34 percent).
- **837:** Number of transition-aged students and young adults who achieved successful employment outcomes.
- **8.9 to 1:** Estimated return on investment for VR program. A \$1 investment of VR services yields \$8.90 in consumer wages. These wages "multiply" in the economy for an additional \$17.80 of economic activity.

Minnesota Disability Determination Services Program:

In 2014, the Minnesota Disability Determination Services was granted hiring authority to fill job vacancies that had gone unfilled for more than 18 months. With the hiring and training completed for 51 new employees, the Disability Determination Services is ending 2014 achieving:

- An allowance rate second highest in their six-state region,
- A claim processing time decreased by an average of 10 days,
- A net accuracy above the Social Security Administration's national goal of 97 percent,
- Claim processing on track to exceed the federal fiscal goal of 55,865 claims.

Minnesota Job Skills Partnership:

The Minnesota Job Skills Partnership funded 53 training projects through postsecondary training institutions, with more than \$8.3 million in state funds.

- These projects leveraged \$19.8 million in matching funds from the participating businesses, and \$1.4 million from the educational institutions.
- The grants will assist 68 businesses and are expected to train 11,946 workers, of which 11,946 are incumbent workers and 2,393 are expected to be new hires.
- The Job Skills Partnership also awarded \$1.7 million for 12 Low-Income Worker Training Program Grants, expected to train 694 low-income individuals and \$194,353 for four Job Training Incentive Pilot Program grants, expected to train 87 new hires.

2014 Policy Report:

The Governor's Workforce Development Council released a report in November 2014, Building Partnerships to Overcome Barriers. This report is the GWDC's 2014 policy advisory to the Governor and legislature. It contains recommendations to further develop a career pathway system in Minnesota, expand experiential learning opportunities for students and adults, and to use net impact evaluation to improve workforce services. An appendix that inventories career pathway and experiential learning activities underway in Minnesota.

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Workforce Investment Act Title IB Adult Program:

This program serves adults 18 years or older with training for entering the workforce and tracks the percentage of customers finishing the program who are both employed and have an industry-recognized credential. For the year ending June 30, 2014, nearly four out of every five obtained both job and credential; well over four out of every five (86 percent) obtained at least a job; and nearly nine out of every 10 of those employed (88 percent) kept that job for at least six months, at an annualized wage of over \$27,000. Minnesota met or exceeded all federal goals for this program and will qualify for a national incentive award in the spring of 2015.

Adult Workforce Development Grant Program:

The program served 1,954 customers, an increase of 21 percent over the previous year. Preliminary performance measures suggest four out of five customers received an industry-recognized credential, and seven out of 10 customers enter unsubsidized employment at exit. Of those employed upon leaving the program, over nine out of 10 retained their employment for at least six months.

Expanded Services for the Migrant and Seasonal Farmworker Program:

Dedicated new focus to assessing the Migrant and Seasonal Farm Worker (MSFW) population in the Rochester area. DEED provided workforce services to a total of 625 registered MSFWs in the Rochester, Faribault, Willmar, and Mankato areas

Diversity Career Fair:

The event was held on August 7 and organized by the Hennepin North WorkForce Center and

hosted at Hennepin Technical College. This career fair connects hiring businesses with diverse populations to help businesses meet their diversity hiring goals. The career fair was a resounding success. More than 1,000 job seekers showed up to meet 135 employers, who reported that they had job openings. Surveys have indicated that many on-the-spot job offers were made, and about 10 percent of the employers scheduled interviews with job seekers they met at the event.



Keeping Minnesotans in Home and Community Settings vs. Institutions

Supplemental Nutrition Assistance Program (SNAP) Heading Home Project:

The program was initially slated to serve 180 homeless SNAP participants via coordination of work/training and housing initiatives. Five metro agencies in Ramsey and Hennepin counties have enrolled more than 1000 clients in 2014. The average placement wage has been more than \$10.00 per hour, and participants are working an average of 30 hours per week. Those placed have found housing meeting their needs, ending homelessness or their reliance on temporary shelter housing.

Kept Minnesota's Seniors Engaged and Productive:

Minnesota's Senior Community Service Employment Program (SCSEP) program worked with 11 state and four national providers and allocated \$2 million from the U.S. Department of Labor to support and train low-income adults 55 and older, through on-the-job training and work experience they need to obtain unsubsidized employment. Minnesota served and trained over 300 individuals. The program exceeded its performance goals; more than half were hired into unsubsidized employment and 70 percent retained employment. The program also received a \$350,000 limited competition grant to improve unsubsidized job placements through increased employer engagement. Job developers funded by the grant will work with employers to identify jobs and match qualified participants with new employment opportunities. This job development work has already positively affected the SCSEP program performance goals and outcomes.

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Assisting Veterans

Veterans Career Fair:

This year's Veterans Career Fair was another success according to both Veterans who attended and the businesses



there to hire them. With over 160 employers and service providers and over 800 job seekers, there was something for everybody. In addition, DEED conducted onsite workshops, provided a working resource room similar to one found in a WorkForce Center, and developed a volunteer cadre of human resources professionals to review and critique Veterans' resumes on the spot.

Received National Governors Association Policy Academy Grant — Veterans Licensing and Certification:

Minnesota was one of six states awarded a National Governors Association Policy Academy Grant to develop processes and procedures for the granting of college credit for military experience and training. Minnesota selected three Military Occupational Codes — Peace Officers, Licensed Practical Nurses (LPN), and Paramedics — based on labor market information. Recent legislative changes will allow more returning Veterans to take the State's Peace Officers Standards Training exam, making them eligible for employment with Minnesota's law enforcement agencies. In addition, the Minnesota State College and University System is developing abbreviated training programs for LPN's and medics being released from active duty. This "bridge" training will cover areas not covered in their military training, such as geriatric or elder care.

Implemented Hilton Honors

In partnership with Hilton Hotels Worldwide, and the National Association of State Workforce Agencies (NASWA), Minnesota was one of four states selected to pilot a program designed to provide no-cost hotel rooms to Veterans seeking employment. Veterans work through a local Veterans Employment Representative to register for the program and get assistance in their job search. Minnesota has referred more than thirty Veterans to this program, which has now moved to 18 additional states.

Continued Participation in Community "Beyond the Yellow Ribbon":

Across Minnesota, communities and businesses are coming together to support Veterans and their families. Started in 2006, this homegrown effort now includes more than 200 cities, towns, counties and businesses. There are specific requirements that both cities and businesses have to adhere to, and the declaration of Yellow Ribbon status is often pronounced during a ceremony with the Governor. Veterans employment representatives work closely with both Yellow Ribbon communities and businesses, and many sit on the boards or steering committees of these organizations.

Engaged in Project Patriot:

This innovative partnership between General Mills, DEED Veterans Employment Program and the Minnesota Department of Veterans Affairs is designed to bring major Minnesota corporations together to discuss recruitment and onboarding of Veteran employees. The project has been successful in attracting companies like Target, Best Buy, US Bank, 3M, Medtronic, United Health Group, Ecolab and St. Jude Medical. All participating Project Patriot companies are either Yellow Ribbon companies or are pursuing that distinction.

Services to Minnesota Businesses

Workforce Development:

Reached more employers statewide — DEED's Business Services team conducted 10,289 visits to employers statewide and provided recruitment, retention, and other workforce services to those businesses. Top industries visited: Manufacturing 25.6 percent, healthcare 16.1 percent, retail trade 10.4 percent, and professional services 10.2 percent.



Received resources to focus more deeply on key industries — Minnesota was one of 13 states that received an Expanding Business Engagement U.S. Department of

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Labor grant that allowed industry-specific engagement within the healthcare, manufacturing and construction sectors. Experts have been identified to provide demand-driven workforce solutions in the healthcare, manufacturing, and construction industries.

Developed our team for maximum performance — in partnership with the University of Minnesota, DEED developed the Business Services Specialist Certificate, designed to help business service representatives and related workforce partners build their skills through a 42 hour curriculum to provide increasingly complex workforce solutions and resources to clients and businesses. The program launched in August 2014; 36 individuals will receive their certificate in June 2015. In addition, more than two dozen business services representatives attained their nationally-recognized Certified Workforce Development credential through the National Association of Workforce Professionals.

Increased opportunities for certifying foreign labor — The Foreign Labor Certification program establishes a means for an employer who anticipates a shortage of domestic workers to bring nonimmigrant foreign workers to the U.S. on a temporary, seasonal basis. The H-2A applications led to specific positions in agricultural employment. In 2014, Minnesota's H-2A applications increased to nearly 100, bringing into Minnesota more than 1,200 nonimmigrant foreign workers — the highest in the past five seasons. The H-2A applications are expected to continue to increase given the lack of available domestic agricultural workforce in Minnesota.

Unemployment Insurance Program:

Approximately 120,000 Minnesota employers are covered by the Unemployment Insurance Program. The amount of interactions these employers have with the program depends on the nature of their business: Highly seasonal businesses or those with frequent layoffs or turnover tend to have more frequent interactions with the UI program. Every effort is made to reduce the administrative burden on employers through updates to the self-service system, improvement in business processes and support of legislative changes that simplify and clarify the UI law and ensure that the program continues to be responsive to the changing business and economic environment.

Tax Cut — The 2008 recession was exceptional in the speed of its onset, its depth and the length of time until recovery set in. These factors combined to put the Unemployment Insurance Trust Fund into deficit and

trigger a number of automatic UI tax increases designed to cause the fund to recover. Early removal of these triggered increases saved employers \$290 million in 2014 allowing for reinvestment in their businesses.

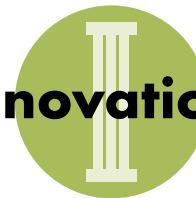
Shared Work — The Shared Work program, a variation on the standard UI program, is designed to assist employers during temporary downturns by providing partial UI benefits to workers who have had their hours temporarily reduced — usually from 40 hours per week to 32 hours per week. The program is most effective for employers that have invested heavily in staff training and for whom employee retention is critical. During 2014, employers established more than 50 Shared Work plans resulting in 30,000 weeks of Shared Work benefits to their workers.

Performance Measure — Unemployment Insurance is a federal/state partnership with the U.S. Department of Labor responsible for oversight of the program nationally. USDOL has established hundreds of measures for the program but focuses on 18 to determine a state's overall performance. Minnesota UI continues to be among the top five states nationally in these 18 measures while also delivering the program more cost effectively than 80-90 percent of states. A significant measure for employers — but not tracked by USDOL — is the speed of answer for phone calls. During 2014, callers to the UI Customer Service experienced on average wait time of less than one minute to be connected to a staff person.

Continuous Improvements — Most employers use the online, self-service system to complete business with UI. In 2014, hundreds of upgrades were made to improve the usability and durability of the system. An important new direction was begun in 2014 with the introduction of functionality designed around the needs of the state's largest, most active employers — those who have both a large number of employees and a significant amount of turnover or seasonal activities. This new functionality changes the tools available to include more sophisticated searches that are unnecessary and potentially confusing for smaller employers. One-on-one training on this new functionality was provided for large, active employers throughout the year.

Record Retention Schedule Cut in Half — For audit purposes, all employers are required to retain their UI-related records. Prior to the 2014 legislative session, the statute required that these records be held by employers for eight years. The UI Program identified this

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requirement as an excessive burden for employers and proposed that it be reduced to four years. This brought UI record retention requirements in line with similar programs and cut the amount of data employers have to retain in half.

Interest Rate Reduced for Unpaid Debt — The rate of interest charged for unpaid employer debt has been 18 percent for many years. At the suggestion of the program, that rate was reduced to 12 percent during the 2014 legislative session. The rate for unpaid applicant debt that was incurred due to fraud was also lowered from 18 percent to 12 percent. These changes align the rate with other fees employers and applicants can expect to pay on unpaid debt.

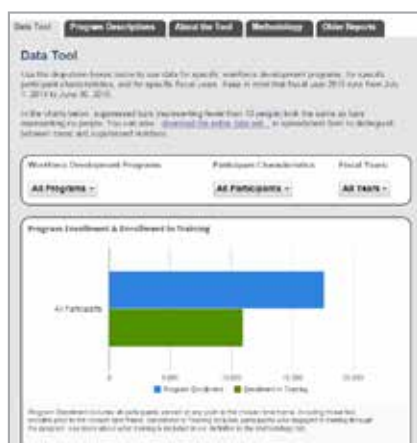
Employer Seminars — The UI program presents training seminars to employers around the state on an ongoing basis. The seminars focus on assisting employers in better understanding UI and helping them reduce the amount of time they spend or making the time they do spend more effective. More than 50 presentations were made to over 1,000 payroll and human resources professionals.

Measuring Our Economic Success

Workforce Program Outcomes Report Card:

To fulfill a new state statute, Performance Management staff created a web-based tool to display workforce development program

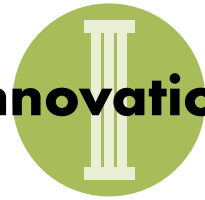
performance measures. The tool provides a transparent way for the public to view data on who is served by workforce development programs and outcomes of such programs, including training, credentials, employment, retention and pre- and post-enrollment wages. Staff expect to provide quarterly data updates and include an expanded list of workforce development programs in future iterations. The web tool is available online.



Legislative — Innovation

- Extension of the Angel Tax Credit.** DEED worked to ensure the continuation of the successful Angel Tax Credit Program, which had been due to sunset and had no available funding. In addition to reauthorizing the program, the Legislature provided a \$3 million allocation for 2014 and \$15 million allocations in both 2016 and 2017.
- Historic Investment in Rural Broadband Infrastructure:** In 2014, the Legislature created the Border-to-Border Broadband Infrastructure Fund with an initial investment of \$20 million. Operated by the Office of Broadband Development, this new program allows DEED to provide both financial support and technical assistance to unserved and underserved rural communities as they seek to close technology gaps and pave the way for future economic development.
- Capital Investments.** The Legislature charged DEED with administering well over \$150 million in capital investments, including prominent projects such as the relocation of utilities required by the Highway 53 project in Virginia, improvements to the Mankato Arena and Events Center, Rochester's Mayo Civic Center renovation and expansion, additions to St. Cloud's River's Edge Convention Center, and the Nicollet Mall redesign in Minneapolis. DEED also received funding for the Greater Minnesota Business Development Public Infrastructure (BDPI) and Innovative Business Development Public Infrastructure (IBDI) programs, helping ensure that the State of Minnesota can meet infrastructure needs related to business expansions in the years to come.
- Unsession Reforms.** DEED successfully repealed or modified a variety of unnecessary and outdated laws as part of Governor Dayton's Unsession initiative, including a significant reduction of payroll recordkeeping requirements that apply to nearly all of Minnesota's employers.
- Support for the Small Business Development Centers.** DEED secured a \$500,000 appropriation to help Minnesota's nine regional Small Business Development Centers (SBDCs) meet federal match requirements and expand their service capacity.

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- **Innovation Voucher Program.** DEED received a \$400,000 appropriation for the Innovation Voucher Program, a new tool to help businesses access technical assistance as they work to develop and commercialize innovative products and services.
- **Other policy changes and investments.** DEED worked with the Legislature to make policy modifications to the Data Center Tax Exemption, the Greater Minnesota Business Expansion Sales Tax Exemption, and the Unemployment Insurance Program. The agency also received appropriations for grants to the Centers for Independent Living, the Northwest Indian Opportunities Industrialization Center, the Northeast Minnesota Office of Job Training, Twin Cities RISE!, the Initiative Foundations, the City of Proctor, and the Minnesota Job Skills Partnership Board.
- **North Dakota Oil Production Study.** DEED received an appropriation to commission a study of the economic impact of North Dakota oil production on Minnesota and opportunities that may result.
- **Greater Minnesota Job Expansion Program —** This program launched in August, has awarded two projects for \$150,000 that will leverage \$2.3 million in private investment and create at least seven jobs.
- **State Small Business Credit Initiative —** SSBCI fund continued to provide access to capital for small businesses; applied for third tranche of \$5 million (total of \$15 million for Minnesota divided into three tranches); completed 80 transactions utilizing \$5.3 million in SSBCI funds and leveraging just over \$90 million in private dollars.
 - **Capital Access Program —** The program provided in \$88,418 reserve funds for 31 loans to help lending institutions make loans that fall just outside normal underwriting standards.
 - **Emerging Entrepreneurs Fund —** The fund provided \$1,427,240 in 28 loans for micro enterprises, especially women, minority, and others in economically distressed areas.
 - **Small Business Loan Guarantee —** Set aside \$315,000 for one 70% loan guarantee to encourage lending by lowering overall risk.
 - **Angel Loan Fund —** New program has awarded \$3.4 million in loans to 20 early-stage firms leveraging more than \$53 million. This program has been featured by Treasury in its annual SSBCI report.

Business Recruitment, Expansion and Retention

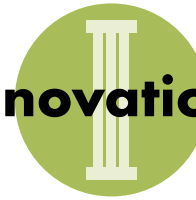
Office of Broadband Development

- Built a Border-to-Border Broadband Infrastructure grant program in response to legislative appropriation of \$20 million in the form of a matching grant fund targeted to incent broadband infrastructure development into the least served areas of the state. DEED received 40 applications being reviewed for possible funding.
- Held seven community meetings around the state focused on the Border-to-Border grant program and other community connectivity needs.

Business Finance:

- **Job Creation Fund —** This new business finance program was launched in January. 26 awards, valued at \$13.3 million and leveraging more than \$251 million, have been made. The projects will create more than 1,350 jobs paying an average of \$24/hour.
- **Minnesota Investment Fund —** This program awarded \$10.7 million in MIF loans to 25 businesses helping to create nearly 1,400 jobs and leveraging more than \$314 million.
- **Angel Tax Credit —** Initial allocation of \$12 million fully subscribed on March 3, with later additional appropriation of \$3 million allocated in one day on May 11, illustrating strong demand for the program. Since 2010, almost \$248 million has been invested in more than 280 Minnesota-based startup businesses pursuant to the program; investors have been awarded more than \$60 million credits. While most of the investors are Minnesotans, a good percentage of the investors and investment capital income from outside Minnesota — about 30 percent of investors and investment are from outside the state.
- **Urban Initiative —** The urban initiative awarded 29 loans valued at \$1.1 million leveraging \$9.6 million and creating 110 new jobs.
- **Indian Business Loan Program —** awarded one loan valued at \$201,000.

2014 DEED ACCOMPLISHMENTS **Innovation**



Statewide Business Development:

DEED's Business Development Team has been partnering with communities and businesses all over the state to drive new business recruitment, expansions, and retention projects. Through year-end, staff and DEED programs have been instrumental in recruiting 3,540 new and retained jobs and \$847.3 million in new capital investment across Minnesota.

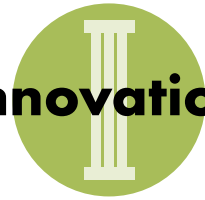
The State of Minnesota's data center sales tax exemption program has been very helpful to DEED's efforts to market and promote the state as the premier global location for data center operations. Over the past year, we have leveraged this tool along with our other attributes, such as a talented workforce, few natural disasters, free cooling, and shovel-ready sites, to drive an increase in the number of new data centers being developed and new interest from data center operators in considering the establishment of operations within the state. Our enhanced Data Center Sales Tax Program has been nationally recognized as one of the most understandable and user-friendly programs available.

In 2014, DEED received certification requests for five new data center facilities and one refurbished operation. These announcements represent the development or refurbishment of more than 296,000 sq. ft. of space and the investment of \$310 million in capital expenditures. We project continued positive momentum in our efforts to recruit new data centers to Minnesota in 2015. We currently are working with four more data centers that will be certified to participate in the program in early 2015 upon verification of their investment and qualifications.

Here are highlights of especially noteworthy expansions and relocations that DEED's Business Development team has led or played a key role in bringing to closure:

- **Smiths Medical** just announced their choice of Plymouth as the site of its new global headquarters after conducting an extensive site search. The new facility will consolidate their global headquarters functions and personnel and enhance efficiency and productivity. Strong talent and a good business climate were noted as key attributes of Minnesota and played a major role in their decision. The project will result in the retention of 400 jobs in Minnesota and the creation of 162 new jobs and result in an investment of \$25 million.
- **Andersen Corporation** selected Bayport as the location of choice for an \$18 million expansion to develop a 100,000 sq. ft. manufacturing process area within their current facility and create 100 new jobs to produce the company's 100-series window line. They also have chosen to move forward with an expansion of extrusion operations at their North Branch facility valued at \$7 million that will create an additional 10 jobs.
- **Cardiovascular Systems Inc.** is constructing a new \$30 million 125,000 sq. ft. headquarters facility on 100 acres in New Brighton and adding 205 new jobs. The new facility will also include space for office, research and development, and manufacturing.
- **Polaris** is moving forward on acquiring and renovating a 120,000 sq. ft. building in Plymouth with a \$20 million investment and the creation of 100 new jobs. The new facility will house off-road vehicles, parts, garments, and accessories and related businesses sales, sales operations, dealer development, corporate marketing, Polaris acceptance, financial services, information systems, and the interactive team.
- **Unison Comfort Technologies** will be growing in North Minneapolis as they expand their manufacturing operations. The expansion will result in an investment of \$675,000 and the creation of 75 new jobs to meet increased demand for their HVAC products.
- **DC Group** also selected North Minneapolis for an expansion of operations. The company will invest \$6.2 million and create 33 new jobs to meet growing demand for their uninterruptible power supply,

2014 DEED ACCOMPLISHMENTS **Innovation**



back-up power, and maintenance for government and corporate clients across the U.S. and internationally. DC group has been recognized by Inc. Magazine as a top Minnesota company and received a Hire Power award for contributions to job growth in the U.S.

- **Park Industries** is expanding their St. Cloud manufacturing operations by 33,760 sq. ft. with an \$11 Million investment that will result in 20 new jobs to meet additional customer demand for their stone-processing equipment.
- **Team Industries** is moving ahead with a \$7.8 million 22,500 sq. ft. expansion of their manufacturing facility in Detroit Lakes. They will also be creating 16 new jobs at the facility which specializes in high-pressure aluminum die castings.
- **Axis Clinicals, LLC** is a clinical trials company that has selected a vacant building in Dilworth as the location for their new facility. The company will be investing \$12 million in their initial expansion into Minnesota and creating 100 new jobs.
- **IKONICS Corporation** selected Duluth for a \$4.3 million expansion that will include a 20,000 sq. ft. building and 20 new jobs to expand their manufacturing services capabilities for aerospace and electronics businesses to meet growing international demand.
- **Bluegrass Proteins** is acquiring a vacant building in Dawson with an \$18.2 million investment that will result in 56 new jobs. The new facility for the Kentucky-based company will dry whey to produce proteins and permeates as a food additive.
- **Capital Safety** has chosen Red Wing as the location for a 60,000 sq. ft. \$11.75 million expansion project that will also result in the creation of 100 new jobs to support increased demand of the company's harnesses, guardrails, netting, and other safety products for the construction and other industries. This follows up on Capital Safety's decision to move its headquarters last year from London to Bloomington to be closer to their primary global manufacturing operations in Red Wing.
- **Jostens** has selected its Owatonna facility for \$1.3 million in new investment and the addition of 160 new jobs. The company was started in Owatonna in 1897 and has been a corporate citizen of Minnesota for more than 100 years.

- **Daikin Applied Americas, Inc.** is moving ahead with a \$9 million expansion project of their Owatonna operations that will create 40 new manufacturing jobs. Daikin is a subsidiary of Japan-based Daikin Industries Ltd and is the largest manufacturer of heating, ventilation and air conditioning systems in the world.

Minnesota Clean Energy Economy Profile:



Financial support from the McKnight Foundation and Energy Foundation made it possible to secure a national consultant, Collaborative Economics, to perform research and analysis required to produce the *Minnesota Clean Energy Economy Profile: How Industry Sectors are Advancing Economic Growth*. The Clean Energy Economy Profile represents the state's most comprehensive effort to quantify the direct employment and wages of clean energy businesses. The final report was released on October 2 at the Metropolitan Airports Commission's solar project announcement at the Minneapolis-St. Paul International Airport.

Minnesota Business First Stop:

The Minnesota Business First Stop initiative provides the means for businesses throughout the state to quickly connect with the expertise often needed to site or expand innovative or complex projects. Since the initiative launched in 2012, Minnesota Business First Stop has worked to solve nine regulatory requests and 13 non-regulatory requests for assistance.

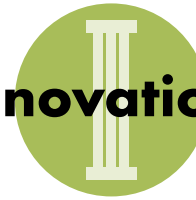
Contamination Cleanup Grant Program:

- Invested \$10,189,324 in 32 site projects, contributing to 5,600 new or retained jobs and leveraging more than \$630 million in private investment.

Redevelopment Grant/Demolition Loan Program:

- Invested \$3.2 million in nine projects that added or retained 5,800 jobs and leveraged more than \$500 million in private investment.

2014 DEED ACCOMPLISHMENTS **Innovation**



Minnesota Cleanup RLF Program:

- Invested \$1 million in a project that added or retained 57 new jobs and leveraged \$10 million in private investment.

Community Assistance:

- Small Cities Development Grant Program awarded 35 grants, awarded \$17,244,006 with \$45,844,576 in leveraged dollars.
- Business Development Public Infrastructure Grant Program awarded eight grants, \$1,600,000 with \$45,844,576 leveraged dollars.
- Innovative Business Development Infrastructure Grant Program awarded two grants, \$550,000 with \$30,355,646 leveraged dollars.
- 42 Special Appropriation Grants were awarded, \$168,688,788 with \$353,714,140 leveraged dollars.
- 16 Entrepreneurship and Competitive Business Development Grants were awarded, \$1,973,750 with \$61,039,983 leveraged dollars which assisted 4,061 businesses and created 2,377 jobs.

Assistance for Minnesota Small Businesses

Small Business Assistance Office:

- Provided direct, transactional information and assistance on small business topics to 32,000 inquiries
- Distributed, in hard copy and digital formats, 134,000 copies of publications to businesses and individuals.

Small Business Development Centers:

2014 YTD Core Program:

- Served 3,250 clients (1,708 of those long-term meaning more than five hours provided this calendar year) and provided 33,273 hours of counseling to those clients.
- New businesses created: 219.
- Total capital infusion: \$94,297,559.
- Jobs created or retained (est.): 4,600.
- 265 training events were held to provide information to small businesses. Many of the events focused on Exporting, Encore (entrepreneurship as a second career after 50) and Youth Entrepreneurship, and Veterans.

- As a result of additional funding provided by the Minnesota legislature and the SBA, we have been able to concentrate efforts to increase exports and international trade, youth entrepreneurship and outreach to minorities and low-income populations.
- We opened two new satellite service centers to assist in these efforts.

Small Business Jobs Act Program (focused on business stabilization):

We completed and closed out this federal program designed to assist business adversely impacted by the 2008 recession. During the three-year program we accomplished:

- Businesses created, saved or stabilized: 90.
- Served 209 clients (181 of those long term meaning more than five hours of counseling provided this calendar year) and provided 13,484 counseling hours to those clients.
- Total capital infusion (including refinanced/restructured debt): \$37,344,713.
- Jobs created or retained: 782.

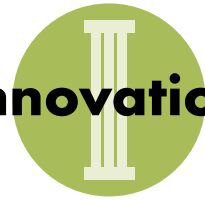
Small Business Development Strategies Study:

With support from the McKnight Foundation, DEED, Department of Transportation and the Metropolitan Council, we engaged in a three-month study to identify state and local strategies to support small business development. With the expertise of Deloitte Consulting the team conducted focus groups with small business owners, non-profit lenders, and technical assistance providers. The effort identified a number of opportunities and challenges facing metro area small business and provided a number of leading recommendations that will be implemented over the following months.

DEED Small Business Development Blog:

DEED Communications created a blog with information specific for small businesses in Minnesota, and those thinking about starting a business. Blog posts focus on everything from filing legal paperwork to exporting around the globe. The blog is published once a week and currently has 1,678 subscribers, up 128 percent from 2013.

2014 DEED ACCOMPLISHMENTS **Innovation**



Labor Market Information:

Labor Market Information Office:

- LMI launched the [Graduate Employment Outcome tool](#) that was the result of a three-year Workforce Data Quality Initiative grant from DOL/ETA. This tool provides information on the employment outcomes of all Minnesota recipients of post-secondary certificates and degrees and breaks it down by major, degree, school type and region.
- LMI launched a [Cost of Living calculator](#) that provides wage rates required to meet a basic needs standard of living for 332,00 different family configurations across each of 87 counties, 13 EDRs, six planning regions and statewide.
- Ongoing enhancements to the web presentation of LMI have been deployed, including [simplified navigation](#) e.g., [alternative unemployment measures](#) and incorporation of [visualizations into data tools](#). Future enhancements will include deployment of Career Information/Occupational Profile pages.

Increase in Visibility:

Earned media:

DEED's communications team made a deliberate effort to increase earned media in statewide publications by hosting press conferences and speaking engagements, conducting media calls, sending out press releases, and day-to-day interaction answering questions about the state of the economy and DEED programs.



- DEED published 121 press releases in 2014.
- DEED media strategy resulted in 805 positive news articles, 756 neutral articles, and 95 negative articles in 2014.

Social Content Creation:

DEED has exponentially increased the amount of social media content we generate, resulting in large increases in followers and likes for the year.

- DEED Roundup subscribers has increased 664 percent over the previous year.
- DEED Facebook page saw a 27 percent increase in likes for 2014 to 2,258 likes.

- DEED Minnesotaworks.net Facebook page saw an 79 percent increase in likes for 2014 to 648 likes.
- Our DEED Twitter account saw a 25 percent increase for 2014 to 4,869 followers.
- Our MinnesotaWorks.net Twitter account (for job seekers and counselors) saw a 14 percent increase for the year to 1,654 followers.
- Unique visitors to DEED's website decreased by 13 percent to 928,585 in 2014.
- Subscribers to DEED's Small Business 101 Blog increased by 128 percent in 2014 to 1,678 subscribers.
- Subscribers to DEED Developments Blog increased by 126 percent in 2014 to 1,314 subscribers.

Launch of E-Newsletters in 2014:

- Broadband E-Newsletter: 816 subscribers this year.
- Water Technology E-Newsletter: 1,092 subscribers this year.
- Small Business Bulletin: 2,846 subscribers this year.

Minnesota Economic Competitiveness Summit:

DEED hosted the state's largest economic development conference in January 2014 that brought together approximately 600 Minnesota leaders throughout the state to discuss Minnesota's strategy for increasing our competitiveness through three pillars of growth: Trade, Innovation and Talent.



Cluster Summits:

For the first time in 2014, DEED was positioned as the primary thought leader and convener for two innovation clusters: water technology and clean energy. Not only did these events result in earned media, these events brought leaders together to discuss policy and action to drive growth in Minnesota's innovation.

- 150 number of attendees at Water Technology Summit, and 260 attendees at Clean Energy Summit.

2014 DEED ACCOMPLISHMENTS



Opening of New Trade Offices:

The Minnesota Trade Office announced the opening of offices in Seoul, Korea, and Sao Paulo, Brazil, to promote Minnesota exports and foreign direct investment in the state. These new offices join existing offices in Shanghai, China, and Düsseldorf, Germany.

Global Cities Initiative:

The Minnesota Trade Office spearheaded a foreign direct investment research assessment as part of the Global Cities Initiative, a joint project of Brookings and JP Morgan Chase, in collaboration with partners from Greater MSP and the St. Paul Port Authority.

National Governors Association (NGA) Policy Academy:

In October 2013, Minnesota was selected as one of four states to participate in the National Governors Association (NGA) Policy Academy on Clean Energy and Economic Development. DEED and the Minnesota Department of Commerce have led an extensive industry-wide initiative to align the state's clean energy and economic development strategies. One of the first steps was implemented in July 2014 with a Clean Energy Economy Summit:

- Numerous businesses from five target clean energy sectors – wind, solar, bio, energy efficiency, and smart grid – engaged in five sector roundtables and the first-ever Minnesota Clean Energy Economy Summit to provide input on what is needed to grow jobs and businesses in their industries.
- More than 300 hundred participants from the five sectors attended the summit held on the University of Minnesota campus.



2014 DEED ACCOMPLISHMENTS

Continuous Improvement

Plain Language:

Last March, Governor Dayton signed an Executive Order directing all state agencies to use commonly-used language, write in clear and concise sentences, and present information in a format that is easy-to-understand for Minnesotans. Since then, DEED has hosted more than 6 formal trainings and nearly 300 employees have received training.

Human Resources:

As of December 29, 2014, DEED's Human Resources Department has had 620 approved requests on internal applications, up from 513 requests in 2013, for HR actions; such as, to hire, appointment extensions, position reallocations, and creation of new positions; 276 postings on the Minnesota Management and Budget site via delegation from MMB; 148 salary requests for above minimum increases via delegation from MMB to ensure consistency, compliance with law and regulations, and equity across the agency; 150+ positions audits including creating or reallocating position levels; and easily 1000+ transactions.

Unemployment Insurance:

The U.S. Department of Labor oversees the UI program nationally and mandates numerous reports designed to ensure that the program is working effectively. Additionally, Minnesota UI generates hundreds of reports weekly to monitor program activity and to aid managers in setting priorities and achieving performance goals. Minnesota UI outperforms all medium-sized and large states. A few highlights from 2014:

- **Timely First Payment Rate** — Percent of eligible applicants who receive a first payment within 14 days of application. This is a measure of the speed of processing issues that arise during the initial application process. In 2014, Minnesota's rate was 92.3 percent. National average, 79 percent.
- **Timely Weekly Payment** — Percent applicants paid within 14 days of request. This is a measure of the speed of processing issues that arise during the weekly request process. In 2014, Minnesota's rate was 98 percent. National average is 89.2 percent.

- **Separation Determination Timeliness** — Percent of such determinations made within 21 days of the effective date of the applicant's account. This measures the time it takes to obtain information from applicants and employers and adjudicate issues. Minnesota allows backdating of benefit accounts which means, effectively, there are only 14 calendar days to meet the 21-day goal. Nonetheless, in 2014, Minnesota's rate was 82.7 percent, better than all but eight states — all of which are smaller, and none allow backdating. The national average was 55 percent.
- **Time in Adjudication Queue** — The actual amount of time it takes to adjudicate an issue once all information is submitted. Unlike most states, in Minnesota, any delay in adjudicating issues is caused by waiting for the parties to respond rather than backlogs in workload. In 2014 it was approximately 1.5 days.
- **Appeals Time Lapse** — The percent of appeals resolved in less than 30 days from the appeal date. In Minnesota the rate was 91.6 percent in 2014. Five states did better. All are much smaller. The national average was 59.5%.
- **Appeals case aging** — The percent of appeals in queue less than 25 days old. In 2014, Minnesota was at 94.4%. No state out-performed Minnesota in this measure. The national average was 63.5 percent.
- **Quarterly Employer Wage Submission** — Percent of quarterly wage reports provided by employers in a timely manner. This is a measure of the capacity of a state's program to accept and process data submitted by employers efficiently. For 2014, the rate in Minnesota was 97.1 percent. No state out-performed Minnesota. The national average was 91.2 percent.



2014 DEED ACCOMPLISHMENTS

Continuous Improvement

- **Average Call Center Wait Time** — Call Center wait times are always a compromise between prompt responses to phone calls and overstaffing (under-utilizing staff). In 2014, Minnesota UI handled about 600,000 calls from applicants and employers with an average wait time of less than a minute. We are not aware of any other state UI programs that come close to this achievement.
- **Cost Effectiveness** — Unemployment Insurance is funded based on a model maintained by USDOL. The intent is to fund programs only for the work mandated by USDOL and only at rate that reflects the actual cost for performing that work. All states are ranked in the six major activities areas according to their “minutes per unit” of work completed. Minnesota is one of only a handful of states that is consistently within the most efficient quartile for all six activities.

UI Program Integrity:

The UI program collects more than \$1 billion dollars in taxes and pays out about the same in benefits every year. The number and speed of transactions and the fact that nearly all can be reversed for any number of reasons creates challenges to maintain program integrity, reduce error and preempt where possible any abuse. Where preemption is not possible, rapid detection and effective action is imperative.



- **Internal Controls** — Internal controls are generally directed at internal users and take many forms including training and managing assignments and workflow to ensure the internal integrity of the program.
 - **Weekly and Daily Tracking Reports** — Scores of reports are generated weekly and daily that allow managers and supervisors to observe staff, system and external user activity and detect patterns that may be suspicious.

- **Accounting Validation** — Accounting reports are generated from multiple perspectives and reconciled with one another to ensure that all funds are accounted for.
- **Staff Activity** — Staff access to system functionality was again reviewed in 2014 to limit access to sensitive data and processes and ensure that processes that use such data are well supervised.
- **Benefits and Taxes** — A number of integrity concerns related to applicants and employers were addressed in 2014.
 - **Fictitious Employer Schemes** — Seek to set up a fictitious employer account, and then assign fictitious workers to that employer and later have those fictitious workers apply for and receive benefits. 10,841 new employer accounts were set up during 2014. All were reviewed and compared against historical patterns. Fifteen fictitious employer accounts were detected and shut down before any abuse could take place. This action preempted as much as \$3 million dollars in possible payments to fictitious applicants had these fictitious employers been successful.
 - **Fictitious Applicants/Identity Theft** — 2014 saw a marked increase around the country in the use of stolen identities to file for and receive UI benefits. The initial application processes in Minnesota were designed to make such attempts difficult for identity thieves, so fewer attempts are made than in states with weaker controls. In addition, Minnesota UI implemented measures to detect and prevent such activities some years ago. As a result, though there was an increase in attempts in 2014, there were no detectable successful attempts. 553 fictitious applicant/identity theft incidents were detected. Most were shut down within hours or minutes of the attempt. We estimate that our efforts prevented the payment of more than \$5 million dollars in benefits. States in our region lost between \$500,000 and \$2 million dollars before they were able to implement some of the controls Minnesota already had in place.

2014 DEED ACCOMPLISHMENTS

Continuous Improvement

- **Increased Capacity to Audit Applicant Accounts** — The largest source of ‘improper payments’ to applicants arises out of the failure of a relatively small minority to report earnings while receiving unemployment benefits. Real-time detection is problematic as data from employers is generally significantly delayed beyond the due dates for applicant payments. However, by analyzing historical data, it’s possible to identify patterns of applicant behavior consistent with failure to report earnings and perform additional checks prior to releasing payment. This new process was put into place in 2014 and resulted in approximately 2,000 additional “audits” of applicant accounts.
- **Focused Employer Audits** — During 2014, UI Employer Audit staff focused more intensely on industries most likely to improperly designate workers as independent contractors. Of the 2,000 employer audits performed in 2014, 1.4 workers per audit were found to be misclassified. Interestingly, aside from misclassified workers, employers who are audited by UI are more likely to receive a refund than to owe a bit more in taxes. For most employers, a UI audit is an educational opportunity that helps them understand the reporting requirements.
- **Improvements to Applicants Cross-match** — Along with the increased capacity to audit applicant accounts, significant improvements were made to cross-match tools that allow the program to compare an applicant’s reported earnings to those reported by their employers. These improvements started with system enhancements which enabled improvement of the flow of business processes and ultimately allowed for a 25 percent increase in the speed at which staff could process cross-match cases. Greater processing speed effectively means that the same number of staff can process more cases more quickly and thereby reduce the time between detection of a possible improper payment and action to correct it.

Data Practices:

- **Online Staff Training** — UI-specific online training for staff was developed and rolled out in 2014. Training is broken up into several components that staff must complete annually before their performance review. Completion of the training is tracked and reported to supervisors. Any staff person who fails to complete their training in a year cannot receive a satisfactory performance review.
- **Review of System Access and Business Processes** — Access to UI data is tightly controlled within the UI system. In most cases, work is pushed to staff with only the data absolutely necessary to complete an assigned task. Most business processes do not require access to more than one data record at a time. This approach limits the risk of a data breach. In 2014, a thorough review was begun to ensure that no staff had access to data that was not absolutely necessary to complete their assignments, that any such data is presented in the most limited way practical and that there was no overlap in assignments that could result in greater risk of a data breach. Fifty business processes have been reviewed along with seven security profiles (profiles are very complex clusters of system functionalities available to staff.)
- **External Audits** — The UI program is audited every year by the Office of the Legislative Auditor and periodically by the Internal Revenue Service. In 2014, the IRS completed an extensive audit. No significant issues were found, but many suggestions for improved data security were identified. Most were highly technical and required action by our MN.IT partners. By the end of 2014 all actions recommended by the audit have been addressed.

Continuity of Service:

The Unemployment Insurance program provides critical financial support to families and the communities where they live. Any significant loss of service would create financial hardships that would be difficult for many to recover. In 2014, activity continued to ensure continuity of service.

2014 DEED ACCOMPLISHMENTS

Continuous Improvement

- **The UI System is Fully Redundant** — Minnesota UI technology is not fully redundant. Supporting technology is housed in two, separate and secure locations and all data are mirrored between the systems continually allowing for a cut over between systems in, theoretically, minutes if necessary.
- **New Call Center Phone System** — Was implemented in the fall of 2014 and serves to complete the continuity of service plan. Like the online system, the phone system now has full redundancy so that the loss of one data center does not eliminate our ability to take phone calls from customers.



- **Back-up Power Supply in All Locations** — The program's primary facility for staff is in Downtown St Paul. Back-up power for that facility is provided by the landlord. The program's secondary facility is located in St. Cloud. The St. Cloud facility is designated as part of the program's disaster recovery plan, should the St. Paul location become unavailable. In 2014, standby power generation was added to the St. Cloud location to ensure continuity of service should there be a power loss in St. Cloud during a time when the St. Paul location is unavailable.

Continuous Improvement:

Continuous improvement of both program technology and business processes is itself continuous in UI. Preparation is always taking place for either the next busy winter season or the next recession.

- **System Enhancements** — More than 150 systems enhancements were deployed in 2014 over the course of four major deployments. Areas of the system affected varied, but some more significant items included:

- Re-structuring of the applicant and employer appeal process to make it more intuitive and to provide more positive feedback to the user.
- Make it easier for applicants and employers to submit additional fact-finding documents.
- Improve ability to manage un-authenticated applicants.
- Improve applicant earnings cross-match processes.
- Implement the new state Debit Card.
- Implement a new call center phone system.
- Several improvements to applicant and employer debt collections.

- **Upgrade to SharePoint 2013** — To ensure that staff have access to the most up-to-date training and support materials, Minnesota UI makes extensive use of its own SharePoint site. In 2014, that site was updated to SharePoint 2013. The update required extensive changes to the existing site including considerable restructuring of processes implemented under the previous version of SharePoint. Because this is a heavily used business tool, extensive testing of the new version of SharePoint had to be performed.
- **New or Updated Businesses Processes** — More than 50 business processes were reviewed and updated using staff input. Best practices were established in these areas along with a reduction in waste and the elimination of any unnecessary access to sensitive data. Performance measures were added to most processes and staff were realigned or reassigned based on the changes.
- **Extra-Workflow Referral Processes** — Most UI business processes are initiated and completed within a workflow engine. This allows for management and monitoring of program performance and ensures that work is always assigned to the right person as the right time. Some work is initiated outside of this tool and as such has always been difficult to track. In 2014, a SharePoint-based workflow tool was developed that allows staff to initiate action based on a phone call from a customer or other events that are not themselves contained with the main UI system. As a result of this enhancement, 37,000 workflow items were created and fully processed by staff in 2014.

2014 DEED ACCOMPLISHMENTS

Continuous Improvement

Increased capacity/Preparedness:

Unemployment Insurance is inherently a cyclical activity; in all states responding to both the change of season and, more importantly, economic downturns. The normal — and responsible — cycle within the program is always responding to or preparing for the next cycle. The 2008 recession created challenges that the program must integrate into future system, business processes, staff training and communication efforts. While we hope to not see another downturn for a long time, prudence dictates that we take advantage of what we learned in the last recession to ensure the program performs optimally should another downturn occur. Some preparations begun in 2014 and continuing include:

- **Extended Benefits Capacity** — Analysis of system rules and data structure related to transitioning applicants between multiple tiers of extended benefits. While Minnesota handled this better than most states, there is an opportunity to learn from the complexity of the extended benefits programs of the 2008 recession to add flexibility to the UI system so that such complexity can be implemented more easily next time.
- **Overpayments and Receivables** — Analysis of applicant overpayment and employer accounts receivables to allow better tracking and representation of the information to staff and external users.
- **Presentation** — Improved presentation of complex information to staff and applicants. One of the challenges of all of the extended benefits programs was presenting a map of which extended and regular benefit programs the applicant had been in and which were possible. The complexity of the alternatives and the complexity of their implementation in the system created uncertainty for applicants requiring calls to the Customer Service Center. The same complexity that affected applicants was also a challenge to staff. In 2014, analysis began to determine if there are better ways of presenting this complex information to all users.
- **Easier Accounting** — At one point during 2008 there were superficially five extended benefits programs operating in Minnesota. In fact, there were 16 programs operating simultaneously, at least from an accounting perspective. Movement between these programs is inherently complex and not always easy to track from an accounting perspective. In 2014, efforts began to improve our capacity to report on activities in multiple, interlaced programs.

Staff Development:

Unemployment Insurance programs around the country depend heavily on technology; few more so than Minnesota. However, technology has only ever been a partial solution and though powerful, it pales in comparison to the impact staff have on the delivery of the program. Highlights from 2014 include:

- **Updated In-Person Training** —
 - Twenty-five newly developed classes are all designed to follow best industry practices, including stronger pre- and post-tests, better oversight of the practice in new skills after training and more focus on long-term retention of new skills.
 - Program specialists and other subject matter experts have received training in curriculum development and advanced training techniques.
- **Online training/E-learning** —
 - 12 online e-learning classes were developed and made available to staff.
 - Six module data practices.
 - Several refresher classes for staff who move between program activities.
- **Employee Engagement/Supervisor Forums** —
 - In the spring of 2014, program leadership reached out to staff to better understand how staff relate to the work and how better communication could be established. As a result, it was found that most staff like their jobs, but that work should be done to help leadership more effectively communicate why some business decisions are made.
 - Supervisor Forums — Forums allow supervisors to work with each other to better understand comments from staff and better communicate program priorities. Several sessions were held throughout the year resulting in creating a more supportive environment for supervisors to collaborate and share best practices.
- **Professional Development** —
 - Training in UI has generally been focused on specific skills needed to perform specific UI tasks. As the workforce changes and as our work changes, we are moving toward developing more generalized skills which are then used as the foundation for the development of specific, program-related skills.

2014 DEED ACCOMPLISHMENTS

Continuous Improvement

- Eight new professional development classes were delivered to about 100 program staff during 2014. These focused on writing and problem solving.
- Along with additional skills training, all staff attended at least two 'Speaker Series' presentations in which program experts presented topics that most staff never have an opportunity to learn about.
- **Staff Feedback** — Timely feedback is a critical part of staff development. However, because of the operational nature of the program. Annual performance reviews are always a challenge to complete. In 2014:
 - A SharePoint based tool was developed and implemented that begins notifying supervisors several weeks before a review is actually due.
 - Supervisors redistributed staff reviews around the calendar so that they were more manageable and could get the attention they deserve.

Enhancing Customer Experience:

Between phone calls handled by the Customer Service Center, use of the online, self-service system and correspondence to applicants and employers, the Unemployment Insurance program has several million customer interactions per year. Customers can be employers or their agents, attorneys, first-time applicants, applicants who work seasonally and have applied for benefits numerous times and applicants who are new immigrants to our country.

- **Plain Language, Clearer communication** — Both online and correspondence messaging was updated in hundreds of places to reduce jargon. Page and document layout was reviewed with an eye toward a mixed approach using words and pictures or diagrams.
- **Appeals process** — The process of filing an appeal was restructured to improve accurate completion of the process and to ensure that applicants and employers provided the information necessary to process their request.
- **Accessibility** — The customer facing website now has improved accessibility and design of some pages to make it easier for individuals with visual impairments to obtain information without assistance. Layouts were simplified to help all users and downloadable documents were altered so they could be more easily 'read' to individuals with visual impairments. These exercises are ongoing and improve design and presentation for all users.

- **Non-English Capacity** — Minnesota does not have an especially large non-English speaking community, however, the obligation to ensure that all Minnesotans get the assistance they need is taken very seriously. In 2014, Minnesota engaged translators to assist in 8,500 phone calls and appeals hearings.

DEED's Economic Analysis Unit (EAU)

Continued to provide valuable research and analysis services in 2014:

- **Products:** EAU continues to provide market research and data analysis for economic development projects, economic impact estimates, and a variety of survey projects. Examples of new projects include: return on investment estimates for new business and community financing programs that started in 2014; a needs assessment survey for the Small Business Development Center network; and a branding survey for the Workforce Center System.
- **Partnerships:** EAU continues to be actively engaged in inter-agency partnerships. Examples include the Clean Energy Economy report, the Environmental Quality Board pipelines white paper, medical marijuana RFP review, and others.
- **Processes:** EAU continues to look for ways to constantly improve, which was on full display in 2014. EAU staff are use Tableau to make DEED more accountable by making more data available to the public on the agency website. EAU staff are also seeking ways to improve productivity, for example by streamlining the reporting process for the Business Expansion report. Finally, the DEED library streamlined the physical collection to focus on critical hard-copy and electronic resources that make the greatest impact for DEED staff and customers.

Administrative and Financial Services Department:

- Worked with program areas to eliminate \$16 million of vacancies for more accurate salary projections and reporting.

2014 DEED ACCOMPLISHMENTS

Continuous Improvement

- Reduced space in the Bloomington WorkForce Center by 4,568 sq. ft. for an \$82,224 annual savings, with added benefit of addressing security concerns in the space.
- Completed a SharePoint Print Website for submitting print jobs to DEED's Copy Center.
- Shows all print requests in the print queue waiting for processing and due date.
- Users are able to view the status of their print request
- Print impressions and labor hours are able to be calculated for each print request
- Installed and trained staff on the new Arrival Computer System. All incoming packages delivered from various couriers are scanned and entered into the Arrival Computer System. Each documented package is recorded by courier, company and addressee. Ensures appropriate receipting, safeguarding, and internal controls.
- Implemented electronic check deposit with US Bank in place of in-person deposits for greater efficiency, to minimize financial risk, demonstrate internal control and compliance, and realize part of a broader business continuity of operations strategy.

Workforce Development

Department: Use of Digital Technology

Launched a Streamlined, Integrated Case Management System — The \$5 million, three-and-a-half year project to rebuild a new case management system for DEED's employment and training programs concluded with the successful launch of the rewritten Workforce One (WF1). The launch was on time, and the final cost of the system was \$1 million under budget. It was the first time that DEED used agile, a form of continuous improvement that consistently engages users and stakeholders throughout the process, to manage a large-scale, information technology project. The WF1 rewrite included many improvements that will save counselors time, allow them to better coordinate services between programs, and allow for deeper analysis of customer characteristics and outcomes.

Reached Unprecedented Success in the State's

Largest Job Bank — MinnesotaWorks.net, DEED's online labor exchange resource for all Minnesota



employers and job seekers, continued to grow during 2014, providing additional qualified candidates for employers' job openings as 89,728 new job seekers created accounts and conducted more than 5,477,768 searches of employers' job listings. Minnesota employers created more than 2,058 accounts for a total of 89,507 employers using MinnesotaWorks.net to fill their in-demand jobs, and posted more than 722,493 jobs for the year ending September 30, 2014. Employers and job seekers together conducted an average of 21,947 searches each day, both looking to make a successful job match and find the perfect fit.

Maintained leadership of the federal CareerOneStop program — The CareerOneStop (COS) team released its sixth mobile app, an unemployment insurance benefits finder. COS also released a portal to help ex-offender job seekers along with a companion update to its Business Center that supports the White House's Champions of Change initiative to provide information for business in hiring ex-offenders. The program also created new finders for Trade Act-related programs, Youth Councils, Workforce Investment Boards, job clubs, and licenses; three new job search sources (Careerbuilder, Indeed, and America's Job Exchange); and a YouTube channel for career videos.

Began work on a ground-breaking talent network pilot — The Minnesota Talent Network (MTN) will enable job seekers and businesses, economic developers, industry associations, and workforce counselors statewide to engage with one another and improve the ability to match candidate skills to employer needs. MTN incorporates all jobs offered in MinnesotaWorks.net and offers social media features along with job and candidate matching, live video conferencing, webinars, questionnaires, email campaigns, and discussion forums with social sharing where candidates can demonstrate their skills. MTN is supported by a federal grant and a Minnesota Job Skills Partnership Board grant. The network is targeted for general release in spring 2015.

2014 DEED ACCOMPLISHMENTS

Continuous Improvement

Safeguarded taxpayer dollars through no audit findings — The Workforce Development Division recently accomplished the achievement of absolutely no audit findings or exceptions during a rigorous Office of the Legislative Auditor audit of the federal Workforce Investment Fund, which covers tens of millions of taxpayer dollars. This is unusual in any sector or complex organization, and we remain committed to protecting the dollars taxpayers invest in our programs.

Workforce System Coordination Office:

The Workforce System Coordination Office is responsible for providing oversight and training to core service activities, as well as assisting with maintaining the continuity of administrative activities that are funded by all titles of the Workforce Investment Act. The following is a list of activities to assist with improving services to job seekers and employers:

Technology updates — The WSCO oversees the technology needs of core services and related activities at the WFCs, the following updates were made:

- Website filtering software was installed to ensure that technology use is focused on job-seeking related activities only.
- Two assistive technology applications (ZoomText and Jaws) were updated to improve the accessibility for individuals with disabilities.
- Planned for the upgrade of servers, internet and VOIP at nearly a dozen WorkForce Centers.

Training Activities — To ensure that WorkForce Centers systems staff have the latest skills and information on policies and practices, the following training activities were held:

- ScanSafe and ZoomText/Jaws — Webinars were held to introduce staff to the new software updates so they could better assist job seekers with their specific needs.
- Code of Conduct — A code of conduct policy was developed and deployed, with webinars for staff to update and provide more consistent protocols for addressing job-seeker needs in the resource and reception areas of the WorkForce Centers.

- Equal Opportunity Training — Ten training sessions for EO Officers and system staff were provided to update knowledge, skills and abilities as it relates to improving services for individuals with disabilities.
- Veteran Services Training — Webinars were designed and delivered to update staff protocols for improving services to Veterans.
- Mental Health Training — Completed for WorkForce Centers staff in collaboration with Goodwill Easter Seals practitioners to enhance core services.
- Native American Culture — Presentation at the annual Counselor Conference
- Financial Capability Training sponsored by the CFPB and DEED as a partner

Monitoring Activities — WorkForce Centers and program providers are required to meet accessibility standards and have informational resources available for customers who have questions or concerns about how the system meets their individual needs. The following monitoring activities were completed in 2014.

- Four Workforce Service Areas had EO monitoring visits
- Nine WorkForce Center site recertification reviews
- Three site visits to Adult Competitive Grantees
- Assisted implementing the use of SharePoint for the Local Unified Planning process

Job-Seeker Related Activities — The WSCO supports the development of educational materials for core service activities. The following activities were conducted in 2014:

- Sold 1,900 Creative Job Search Books on the Minnesota Bookstore website
- Completed editing the 13th edition of Creative Job Search book and related handbook materials.
- 2,500 job seekers earning the National Career Readiness Credential, bolstering their position with employers seeking candidates with credentialed skills.

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